

## Market Study and Fair Market Appraisal Requirements

. An independent, experienced third party professional market analyst specifically qualified in affordable rental market with no financial interest in the Development must perform all market studies with up-to-date demographic data on the market area no more than six months old with the source clearly defined including those Developments in the construction stage. All studies must have been completed or updated within one year prior to the application for funding and include at a minimum:

- A one page executive summary;
- Source(s) for all information provided, including any assumptions, estimates, projections and models used in analysis;
- Be completed by a competent market professional with demonstrable experience in Indiana affordable housing markets. A resume outlining professional qualifications and specific competence must be included;
- Utility availability, water, sewer and heat source (i.e. gas or electric);
- Development amenities (see Allocation Plan);
- Occupancy type (i.e. elderly, special needs population, families)
- Competitive Rental Market (must provide Development name, age of Development, number of units, current occupancy, vacancy rate, square footage for comparable units, current rent for comparable units, amenities etc.)
- Description of proposed site, including the closest street boundaries and the number of acres in the site (include a map with the site configuration);
- Define the geographic effective market area (both primary and secondary);
- Give a demographic description of the census tract if any in which the Development will be located;
- Give a demographic description of the potential tenants and the market area;
- Identify the number of special needs households residing in target area (if applicable);
- Major current employers;
- Unemployment trends;
- Define the housing needs;
- Explain how the Development addresses these housing needs;
- Identify all other housing Developments located in the market area including number of RHTC units, the average occupancy rate, and provide an average rent and rent range by unit size for these Developments. Must include RHTC Developments both operating and not yet placed in service (under construction). Must include market rate Developments as well;
- Identify future housing demand and potential housing supply;
- Expected market absorption of proposed deal, including description of effect on market area;
- Projected operating funds and expenses;
- Analysis of households sizes and types;
- Estimates of affordable rents for low and moderate income populations;
- Absorption rate including the time required to reach 95% occupancy;
- Analysis of practically available operating expenses and turnover rates of comparable properties in the market area;
- Projected operating funds and expenses, when available at the time of the study;
- Recommendations and conclusions of the market analyst supported by data contained in the market study.



Sufficient demand in the market area of the Development must exist and, based on reasonable predictions, will continue to exist during the term of the compliance period or other applicable period, for the number of units to be developed.

The fair market appraisal must be at a minimum an “As Is” appraisal and must be in compliance with the summary report for USPAP standards. USPAP standards can be found at [www.appraisalfoundation.org](http://www.appraisalfoundation.org)

The market study must be addressed directly to IHFA from the third party preparing the market study with a sworn statement from the person who prepared the study certifying the accuracy of the data reported in the study.

The market study must be received by IHFA by the application deadline and must state the name of the Development, the Owner, Development City, and Development County on the front cover.

Note: As a resource, the Authority’s Statewide Market Study is available online at [www.indianahousing.org](http://www.indianahousing.org)

